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BULLETIN NUMBER 2003-11

(Issued Upon October 8, 2003)

To: All South Carolina Licensed Accident and Health Insurers and Health Maintenance Organizations

From: Ernst N. Csiszar
Director of Insurance 

Subject: Disclosure Requirements for Group Accident and Health Insurance Policies Issued Via Non-Employer Sponsored Associations

I. PURPOSE

The purpose of this bulletin is to provide guidance with respect to the disclosure requirements regarding group accident and health insurance policies issued to non-employer association groups.

II. DISCLOSURE REQUIREMENTS

- A. Each insurer offering coverage under a group accident and health policy which is issued to a non employer association shall be required to make full disclosure to each applicant who is not already a member of the association's health insurance plan. Such disclosure shall be provided at the time the application for coverage is completed.
- B. Full disclosure under A. above shall state:
 - i. The individual must already be or become a member of the association to be eligible for coverage under the group policy;
 - ii. All costs related to association membership, including but not limited to initial association membership fee and the amount of the annual association dues;
 - iii. Membership fees and/or dues are in addition to the policy premium;
 - iv. The association holds the master policy;
 - v. The premium charged and the terms and conditions of coverage are determined between the association and the insurer; and
 - vi. The premium, terms and conditions of coverage may be changed by agreement of the association group policyholder and the insurer, without the consent of the individual certificateholder.
- C. In the event the premium, terms and/or conditions of coverage change, a notice of the changes shall be provided to the certificateholders. The insurer shall notify the certificateholders no later than thirty-one (31) days prior to a change in the premium, terms and/or conditions of the coverage.
- D. Insurers must adequately disclose any rights of the insured to transfer.

III. The rating issues will be addressed in a separate Bulletin to be issued at a later date.

If you have any questions, please contact Ann Bishop, Research and Compliance Analyst, at 803-737-6165 or abishop@doi.state.sc.us.